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Commission

Basic payment scheme implementation

Examples of first allocation in case of rental agreements

DISCLAIMER

This working document has been prepared by DG AGRI staff in order to facilitate the discussion in the Expert group for direct payments on the draft delegated act. The feasibility of the approach in article 8 and 9 of the draft delegated act is still being assessed. This document cannot in any circumstances be regarded as the official position of the Commission.

*DG Agriculture and Rural Development
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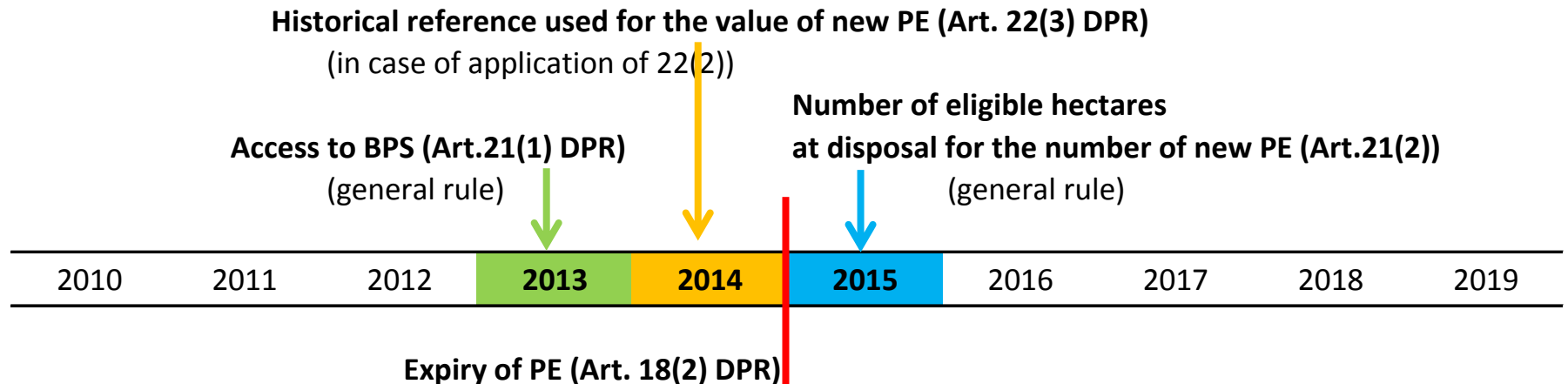
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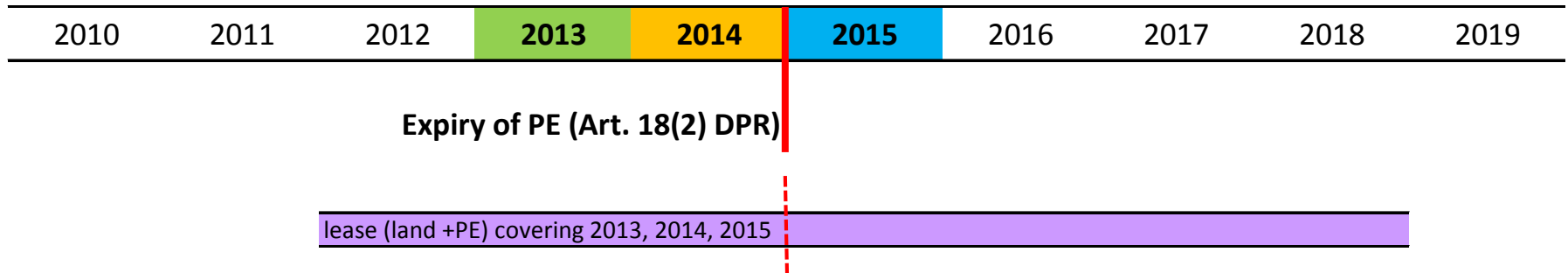
Basic payment scheme first allocation and rental agreements

**Case of Member States not applying Art. 18(3) and applying 22(2) DPR
= allocating new PE and differentiating them based on the initial unit value**

PE: payment entitlements

IUV: initial unit value





Example 1: Member States applying Art.22(3)(a) DPR (differentiation of the IUV based on payments in 2014)

- Farmer A owns 20 ha and 20 PE. Farmer B owns and has at his disposal 5 ha and 5 PE.
- In 2012, Farmer A leases out to farmer B 10 ha with 10 PE for 7 years.
- The PE expire on 31.12.2014. Farmer A still leases out the land to B (but without PE as they expire).
- In 2015, farmer A gets 10 PE based on the number of ha at his disposal in 2015 (10ha), of a value based on the payments he received in 2014 (based on 10 PE).
- In 2015, farmer B gets 15 PE based on the number of ha at his disposal in 2015 (10+5ha), of a value based on the payments he received in 2014 (based on 10+5 PE).
- In 2019, farmer A gets back his 10 ha and farmer B keeps the corresponding 10 PE (+5 PE based on his ha).

2010 2011 2012 2013 2014 2015 2016 2017 2018 2019

Expiry of PE (Art. 18(2) DPR)

lease (land +PE) covering 2013, 2014, 2015

Example 2: Member States applying Art.22(3)(a) DPR (differentiation of the IUV based on payments in 2014) + use of private contract clause (Art. 9 BPS DA)

- idem before except that:
- Farmers A and B sign a **private contract clause** (PCC Art.9 of BPS DA) stipulating that the 10 ha are leased out together with the corresponding PE to be allocated.
- In 2015, Farmer A applies for allocation of 20 PE (with PCC attached), which will be based on the value of the payments he received in 2014 (based on 10 PE).
- Farmer A keeps 10 PE and leases out directly the other 10 PE to farmer B.
- Farmer B gets his own 5 PE based on payments he received in 2014 (based on his 5 PE and the 10 leased-in) and leases in the 10 PE established on the basis of the data of farmer A.
- In 2019 at the end of the lease, farmer A gets back the 10 ha and the 10 PE established on his data. Farmer B keeps his own 5 PE established on his data.

2010 2011 2012 **2013** **2014** **2015** 2016 2017 2018 2019

Expiry of PE (Art. 18(2) DPR)

lease (land +PE) covering 2013, 2014, 2015

Example 3: Member States applying Art.22(3)(b) (differentiation of the IUUV based on value of owned PE in 2014)

- idem example 1 except that:
- In 2015, farmer A gets 10 PE (based on the PE at his disposal in 2015), of a value based on his owned (including leased-out) PE in 2014 (for 20 PE).
- In 2015, farmer B gets 15 PE based on the number of ha at his disposal in 2015 (10+5ha), of a value based on the PE he owned in 2014 (5 PE).
- In 2019, farmer A gets back his 10 ha and farmer B keeps the corresponding 10 PE (+5 PE based on his ha).

2010 2011 2012 **2013** **2014** **2015** 2016 2017 2018 2019

Expiry of PE (Art. 18(2) DPR)

lease (land +PE) covering 2013, 2014, 2015

Example 4: Member States applying Art.22(3)(b) (differentiation of the IUUV based on the value of PE owned in 2014) + use of private contract clause (Art. 9 BPS DA)

- idem example 3 except that:
- Farmers A and B sign a **private contract clause** (Art.9 of BPS DA) stipulating that the 10 ha are leased out together with the corresponding PE to be allocated.
- In 2015, Farmer A applies for allocation of 20 PE (with PCC attached), which will be based on the value of the PE he owned (including leased-out) in 2014 (20 PE).
- Farmer A keeps 10 PE and leases out directly the other 10 PE to farmer B.
- Farmer B gets its own 5 PE based on the value of the 5 PE he owned in 2014 and leases in 10 PE established on the basis of the data of farmer A.
- In 2019 at the end of the lease, farmer A gets back the 10 ha and the 10 PE established on his data. Farmer B keeps his own 5 PE established on his data.



Thank you for your attention!

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